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November 3, 2005

VIA HAND DELIVERY

Charles L. A. Terreni, Esquire  
Chief Clerk and Administrator  
Public Service Commission of South Carolina  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

RECEIVED  
NOV 3 2005  
11:22 AM

RE: Application of Sprint Nextel Corporation  
Docket No. 2005-246-C

In the Matter of the Application of Sprint Long Distance, Inc.  
Docket No. 2005-238-C

Dear Mr. Terreni:

Enclosed please find for filing the original and eleven copies of a "Joint Motion for Order Approving Applications" submitted by Sprint Long Distance, Inc., Sprint Nextel Corporation and the Office of Regulatory Staff with respect to the above-captioned dockets. Also enclosed please find the original and eleven copies of a Joint Movants' Proposed Order which I would ask you to file.

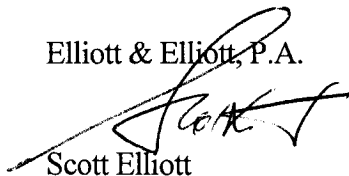
Sprint Long Distance, Inc.'s prefiled Direct Testimony is due Monday, November 7. Were the Public Service Commission to grant the Joint Motion of the parties filed this date, the need for testimony would be obviated. Accordingly, the parties jointly request an extension of ten (10) days in which to prefile and serve Direct Testimony (or until such time as the Commission rules on the Joint Motion filed herewith).

Please return a clocked copy of the Motion and Proposed Order with my courier.

Please note that by carbon copy of this correspondence I am serving all parties of record.

Sincerely,

Elliott & Elliott, P.A.



Scott Elliott

SE/mlw  
Enclosures

c: All parties of record w/enc

BEFORE THE  
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
DOCKET NOS. 2005-238-C, 2005-246-C – ORDER NO. \_\_\_\_\_

November 1, 2005

In Re:

Application of Sprint Nextel Corporation	)	
For Approval of the Transfer of Control	)	
Of United Telephone Company of the	)	
Carolinas, Sprint Long Distance, Inc. and	)	JOINT MOVANTS' PROPOSED ORDER
Sprint Payphone Services, Inc. from Sprint	)	
Nextel Corporation to LTD Holding Company	)	
	)	
	)	
In the Matter of the Application of Sprint	)	
Long Distance, Inc. for a Certificate of Public	)	
Convenience and Necessity to Provide Intrastate	)	
Resold Telecommunications Services, for	)	
Alternative Regulation, and for Waiver of	)	
Certain Commission Rules	)	

**I. INTRODUCTION**

In these related proceedings, we consider whether to grant Sprint Long Distance, Inc.'s ("Sprint LD") Application for a Certificate of Public Convenience and Necessity to provide intrastate resold telecommunications services in South Carolina; in other words, Sprint LD is seeking interexchange ("IXC") reseller authority from this Commission, as well as alternative regulation for its business services and waiver from certain Commission regulations. In the other docket, Sprint Nextel Corporation ("Sprint Nextel") seeks approval for a transfer of control of Sprint's incumbent local exchange carrier ("ILEC") affiliate in South Carolina, United Telephone Company of the Carolinas ("United"), Sprint LD, and United's payphone affiliate, Sprint Payphone Services, Inc.

(“SPSI”) from Sprint Nextel Corporation to a new stand-alone holding company, named generically for the time being as “LTD Holding Company”. These two applications constitute necessary regulatory steps in order to implement Sprint Nextel’s announced plans to “spin off” its ILEC affiliates into a stand-alone company. Because we find that both Applications are in the public interest, we grant the relief requested and approve both Applications.

## **II. PROCEDURAL BACKGROUND**

### **a. Sprint LD’s Application**

On August 10, 2005, Sprint LD filed its “Application for a Certificate of Public Convenience and Necessity to Provide Intrastate Resold Telecommunications Services, for Alternative Regulation, and for Waiver of Certain Commission Rules” and Exhibits. The Application was properly verified, pursuant to Commission regulations. The Commission subsequently issued its Order Appointing Hearing Examiner in connection with Sprint LD’s Application. On September 13, 2005, the Commission issued its Notice of Filing and Hearing and its Prefile Testimony Letter. The Notice of Filing and Hearing set a deadline for Petitions to intervene and scheduled a hearing date for Sprint LD’s Application. The Prefile Testimony Letter set various deadlines for prefiling testimony. On September 22, 2005, counsel for Sprint LD filed the required Proof of Publication in connection with the Commission’s Notice of Filing and Hearing.

The deadline for Petitions to Intervene in connection with Sprint LD’s Application expired on October 13, 2005, with no party other than the South Carolina Office of Regulatory Staff (“ORS”) intervening. Subsequently, in response to concerns noted by ORS to Sprint representatives, Sprint

LD filed a corrected proposed tariff in the docket on October 21, 2005, which corrected certain issues raised by ORS.

**b. Sprint Nextel's Application for Transfer of Control**

On August 17, 2005, Sprint Nextel filed its "Application for Approval of the Transfer of Control of United Telephone Company of the Carolinas, Sprint Long Distance, Inc. and Sprint Payphone Services, Inc. From Sprint Nextel Corporation to LTD Holding Company". Sprint Nextel duly filed its Notice of Request for an Allowable Ex Parte Briefing pursuant to S.C. Code Ann. Section 58-3-260, and held the allowable ex parte briefing on September 1, 2005, at the Commission's offices in Columbia. The briefing attendees' required reports as well as a transcript of the September 1 briefing were subsequently posted on the Commission's web site.

On September 20, 2005, the Commission issued its Notice of Filing in connection with Sprint Nextel's Application. The Notice of Filing set a deadline for Petitions to intervene in connection with Sprint Nextel's Application, and the transmittal letter accompanying the Notice set a deadline for Sprint Nextel to file the Proof of Publication for the Notice.

ORS filed a letter with the Commission on October 4, 2005, stating ORS' finding that Sprint's request is in the public interest and recommending that the Commission approve it. Counsel for Sprint Nextel duly filed the required Proof of Publication for the Notice of Filing on October 20, 2005, and the October 21, 2005, deadline for Petitions to Intervene expired with no party other than ORS intervening in the matter. Subsequently, Sprint and ORS filed a Joint Motion on October 27, 2005 requesting that in light of no interventions or other opposition, and in recognition of ORS' support, we summarily approve both Sprint LD's Application and Sprint Nextel's Application as in the public interest.

### **III. SUMMARY OF APPLICATIONS**

#### **Sprint LD's Application**

By and through its Application, Sprint LD requests that it be granted a Certificate of Public Convenience and Necessity to provide intrastate interexchange telecommunications services in South Carolina as a non-facilities-based interexchange telecommunications service provider. Sprint LD also requests that the Commission regulate its business services in accordance with the procedures for alternative regulation established in Orders No. 95-1734 and 96-55 in Docket No. 95-661-C, as modified by Order No. 2001-997 in Docket No. 2000-407-C. Sprint LD also requests that the Commission waive the application of certain Commission rules, including the requirement that reports and records be maintained within South Carolina. In its Application, Sprint LD sets out its financial, managerial and technical abilities to provide the services identified therein.

#### **Sprint Nextel's Application**

Sprint Nextel's Application requests that the Commission approve the transfer of control of United, Sprint LD and SPSI from Sprint Nextel to LTD Holding Company pursuant to S.C. Code Ann. Section 58-9-310. Sprint Nextel states that it submits its Application in furtherance of its plans to separate its wireline local service operation into an independent, stand-alone operation. As a result of these plans, a new holding company, LTD Holding Company, has been created and upon receiving the necessary approvals, Sprint Nextel will transfer control of the Sprint operating companies serving local customers to LTD Holding Company. In its Application, Sprint Nextel explains that the proposed transfer of control is in the public interest, and that United will continue to have the necessary managerial, technical and financial capabilities to provide service. In addition,

Sprint Nextel states that the proposed separation of the incumbent wireline operations from its current parent company, Sprint Nextel, will benefit United's residential and business customers, and will be transparent to customers.

#### **IV. OVERVIEW AND DISCUSSION**

In their Joint Motion filed on October 27, 2005, Sprint and ORS correctly point out that no party other than ORS has intervened in either Sprint LD's Application or Sprint Nextel's Application for transfer of control. ORS is on record as actively supporting Sprint Nextel's Application for transfer of control as in the public interest. And ORS' initial concerns regarding Sprint LD's illustrative tariff have been addressed by Sprint LD's revised tariff filed on October 21, 2005. Accordingly, in furtherance of the public interest and in the interests of efficiency and conservation of resources, we agree with Sprint and ORS and hereby approve Sprint LD's Application for a Certificate of public convenience and necessity and Sprint Nextel's Application for transfer of control without the need for further proceedings or procedural schedules. Since no party other than ORS has intervened in the matters, and since ORS supports this request, we find that no party will be disadvantaged by summary administrative approval of the Applications.

Further, we conclude that the public interest will be served by speedy approval of the Applications. Approval of Sprint LD's Application will benefit South Carolina consumers by creating greater competition in the interexchange market and by providing consumers with additional choices for billing and terminating long distance calls. We also find that approval of Sprint Nextel's Application is in the public interest because it will facilitate the creation of an independent, stand-alone local service operation whose primary strategic focus will be to build upon its local wireline

capabilities by providing a full portfolio of quality services to its residential and business customers, thus making the new company better able to meet the needs of its South Carolina customers.

## **V. FINDINGS OF FACT**

1. Sprint LD is organized under the laws of the State of Delaware and has been authorized by the Secretary of State to transact business as a foreign corporation in the State of South Carolina.
2. Sprint LD desires to provide intrastate resold interexchange telecommunications services in the State of South Carolina.
3. Sprint LD possesses sufficient technical, financial and managerial abilities to provide the services discussed in Sprint LD's Application.
4. We find that compliance with 26 S.C. Code Regs. 103-610 would cause unusual difficulty for Sprint LD and find a waiver of this regulation to be in the public interest.
5. Sprint Nextel desires that the Commission approve the transfer of control of United, Sprint LD and SPSI from Sprint Nextel to LTD Holding Company.
6. No timely Petitions for Intervention or other oppositions were filed in connection with Sprint LD's publication of notice or Sprint Nextel's publication of notice.

## **VI. CONCLUSIONS OF LAW**

1. The Commission has jurisdiction to approve Sprint LD's Application for a Certificate of Public Convenience and Necessity pursuant to S.C. Code Ann. Sections 58-9-280

and 58-9-520.

2. The Commission finds that Sprint LD will participate in the support of universally available telephone service at affordable rates to the extent that Sprint LD may be required to do so by the Commission.
3. The Commission concludes that approval of Sprint LD's Application to provide intrastate resold interexchange services within South Carolina is in the public interest because it will benefit South Carolina consumers by creating greater competition in the interexchange market and by providing consumers with additional choices for billing and terminating long distance calls.
4. Based on the above Findings of Fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Sprint LD to provide intrastate telecommunications services between and among locations within the State of South Carolina as a non-facilities-based interexchange service provider.
5. The Commission finds that Sprint LD's interexchange telecommunications services should be regulated in accordance with the procedures for alternative regulation for business service offerings established in Order Numbers 95-1734 and 96-55 in Docket Number 95-661-C, as modified by Order Number 2001-997 in Docket Number 2000-407-C. Specifically, the Commission-approved relaxed, alternative regulation allows business service offerings to be subject to a form of regulation identical to that granted to AT&T in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Pursuant to Order No. 2001-997 in Docket No. 2000-407-C, however, we modified the relaxed regulation by re-imposing rate caps for certain operator-



assisted calls for which a customer uses a LEC's calling card to complete calls from locations that have not selected that LEC as the toll provider. Order No. 2001-997 imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a flat per-minute rate cap of \$0.35 in connection with these calls. Under this alternative form of regulation, Sprint LD's tariff filings for business services shall be presumptively valid, and the Commission will have seven days in which to investigate and suspend any tariff filing.

6. The Commission adopts a rate design for Sprint LD that includes only maximum rate levels for each residential tariff charge. See In Re Application of GTE Sprint Communications Corp., Order No. 84-622, Docket No. 84-10-C (issued August 2, 1984).
7. The Commission finds that Sprint LD may not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. Sprint LD shall file proposed rate changes, publish notice of such changes and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. The public notice requirement will be waived, however, for reductions below the maximum cap that do not affect the general body of subscribers. See In Re Application of GTE Sprint Communications, Order No. 93-638, Docket No. 84-10-C (issued July 16, 1993). Proposed increases in the maximum rate levels for residential services, which would be applicable to the general body of Sprint LD's subscribers, shall constitute a general ratemaking proceeding and will be governed pursuant to the notice and hearing provisions of S.C. Code Ann. Section 58-9-540.

8. The Commission finds that Sprint LD is subject to access charges pursuant to prior Commission Orders; that Sprint LD shall resell the services of only those IXC's or LECs certificated by this Commission to provide service in South Carolina; that Sprint LD shall file the required annual financial information; that Sprint LD shall designate an authorized representative who is prepared to discuss complaints, engineering operations and repairs; that Sprint LD shall file the annual Intrastate Universal Service Fund worksheet; and that Sprint LD shall comply with all other relevant Orders, Rules and Regulations of this Commission, unless application of a regulation is specifically waived by the Commission.
9. The Commission further determines that Sprint LD should be granted a waiver of 26 Code Regs. 103-610 requiring that reports and records be maintained within the state.
10. The Commission further finds that pursuant to 26 Code Regs. 103-603, Sprint LD should be permitted to maintain its books and records in accordance with Generally Accepted Accounting Principles, or GAAP, instead of the Uniform System of Accounts.
11. The Commission has jurisdiction to approve Sprint Nextel's Application for transfer of control pursuant to S.C. Code Ann. Section 58-9-310.
12. The Commission determines that Sprint Nextel's Application for transfer of control of United, Sprint LD and SPSI from Sprint Nextel to LTD Holding Company should be approved.

IT IS THEREFORE ORDERED THAT:

- a. A Certificate of Public Convenience and Necessity is granted to Sprint Long Distance, Inc. to provide intrastate telecommunications services between and among locations within the State of South Carolina as a non-facilities-based interexchange service provider, and to originate and terminate toll traffic within the same LATA through the resale of such services authorized for resale by the tariffs of carriers approved by this Commission.
- b. In rendering resold interexchange services in South Carolina, Sprint LD shall comply with all applicable rules and regulations of this Commission;
- c. Sprint Nextel's Application for Approval of the Transfer of Control of United Telephone Company of the Carolinas, Sprint Long Distance, Inc. and Sprint Payphone Services, Inc. From Sprint Nextel Corporation to LTD Holding Company pursuant to S.C. Code Ann. Section 58-9-310 is hereby granted; and
- d. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

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Randy Mitchell, Chairman

ATTEST:

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O'Neal Hamilton, Vice-Chairman

(SEAL)